

ATTALA COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports
For the Year Ended September 30, 2010

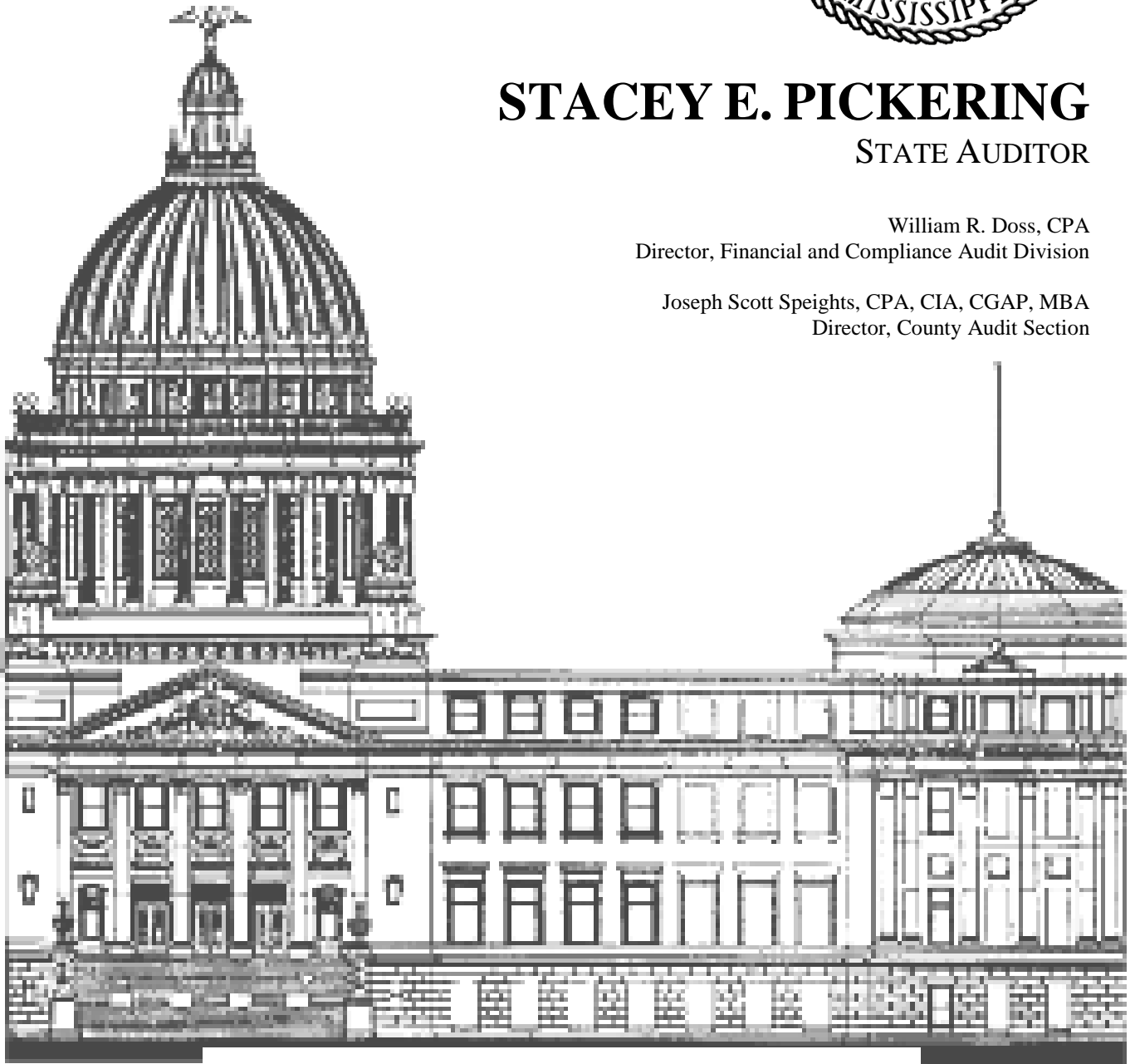


STACEY E. PICKERING

STATE AUDITOR

William R. Doss, CPA
Director, Financial and Compliance Audit Division

Joseph Scott Speights, CPA, CIA, CGAP, MBA
Director, County Audit Section



A Report from the County Audit Section

www.osa.state.ms.us



STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR

September 7, 2012

Members of the Board of Supervisors
Attala County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2010 financial and compliance audit report for Attala County. This audit was performed pursuant to Section 7-7-211(e), Mississippi Code Ann. (1972). The audit was performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

I appreciate the cooperation and courtesy extended by the officials and employees of Attala County throughout the audit. Thank you for working to move Mississippi forward by serving as a supervisor for Attala County. If I or this office can be of any further assistance, please contact me or J. Scott Speights of my staff at (601) 576-2674.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Stacey E. Pickering", written in a cursive style.

Stacey E. Pickering
State Auditor

ATTALA COUNTY
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ATTALA COUNTY

FINANCIAL SECTION

ATTALA COUNTY

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Attala County, Mississippi

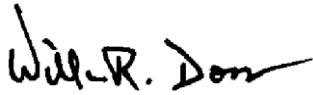
We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, the major fund and the aggregate remaining fund information of Attala County, Mississippi, as of and for the year ended September 30, 2010, which collectively comprise the county's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the county's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Montfort Jones Memorial Hospital, a component unit, which represents 100 percent of the assets, net assets, and revenues of the component unit column. Those financial statements were audited by another auditor whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the aforementioned component unit, is based on the report of the other auditor.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditor provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditor, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, the major fund and the aggregate remaining fund information of Attala County, Mississippi, as of September 30, 2010, and the respective changes in financial position, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 7, 2012, on our consideration of Attala County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, the Budgetary Comparison Schedule and corresponding notes are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economical or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United State of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

A handwritten signature in black ink, appearing to read "Will R. Dooss". The signature is fluid and cursive, with a long horizontal stroke at the end.

WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division

September 7, 2012

ATTALA COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

ATTALA COUNTY

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ATTALA COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2010

This discussion and analysis of the Attala County, Mississippi financial performance provides an overview of the County's financial activities for the fiscal year ended September 30, 2010. The MD&A should be read in conjunction with the accompanying financial statements and the accompanying notes to those financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the County exceeded liabilities at the close of the FY 2010 by \$27,087,787 (net assets). Of this amount, \$4,879,311 is restricted for specific purposes. As required by GASB 34, net assets also reflect \$18,240,449 that is invested in capital assets net of related debt. With the presentation of the investment in capital assets, unrestricted net assets is \$3,968,027.
- In contrast to the government-wide statements, the fund statements report a combined fund balance at year-end of \$8,640,575; of which \$8,531,774 or 99% represent unreserved fund balances. The more significant components of unreserved fund balance are maintained in the General Fund as emergency reserves.
- The General Fund unreserved fund balance of \$3,741,872 equals 72% of total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements.

The Government-wide financial statements. *The government-wide financial statements* are designed to provide readers with a broad overview of the County's finances in a manner similar to private sector business. They present the financial picture of the County from an economic resources measurement focus using the accrual basis of accounting. These statements include all assets of the County (including infrastructure) as well as all liabilities (including long-term debt). Additionally, certain eliminations have occurred as prescribed by GASB Statement No. 34 in regards to interfund activity, payables and receivables.

The *statement of net assets* presents information on all of the County's assets and liabilities, with the difference between the two reported as *net assets*. Increases or decreases in net assets contrasted with budgetary decisions should serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how net assets changed during the most recent fiscal year using full accrual basis of accounting. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. Unlike the government-wide financial statements, however, governmental funds financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the County's near-term financing requirements.

ATTALA COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2010

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate the comparison between *governmental funds* and *governmental activities*.

The County maintains twenty-nine individual governmental funds, twenty-five special revenue funds, two debt service funds and the General Fund. Information is presented separately in the governmental fund balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund which is classified as a major fund. Data from the other nonmajor governmental funds are combined into a single, aggregated presentation.

The County adopts an annual appropriated budget as a management control device during the year for all governmental funds. A budgetary comparison schedule (original versus final) has been provided for the General Fund to demonstrate compliance with budget.

Fiduciary funds. *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. The County's fiduciary activities are reported in a separate Statement of Fiduciary Assets and Liabilities. These activities are excluded from the County's other financial statements since the County cannot use these assets to finance its operations. The accounting used for fiduciary funds is much like that used for proprietary funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Of the County's total assets of \$35,553,497, the largest components are: 1) cash of \$9,162,331 or 26% and 2) capital assets net of accumulated depreciation of \$20,191,135 or 57%. Capital assets are non-liquid assets and cannot be utilized to satisfy County obligations. Out of the total liabilities of \$8,465,710 about \$6,845,009 are current liabilities.

The County's assets exceeded liabilities by \$27,087,787 at the close of the most recent fiscal year.

The County's net assets for fiscal years ended September 30, 2010 and 2009 are summarized as follows:

	Governmental Activities 2010	Governmental Activities 2009
Current and other assets	\$ 15,362,362	13,723,998
Capital assets (net of depreciation)	20,191,135	19,243,582
Total assets	35,553,497	32,967,580
Current and other liabilities	6,845,009	6,356,909
Long-term liabilities	1,620,701	1,871,842
Total Liabilities	8,465,710	8,228,751
Net assets:		
Invested in capital assets, net of related debt	18,240,449	16,978,211
Restricted	4,879,311	4,603,103
Unrestricted	3,968,027	3,157,515
Total net assets	\$ 27,087,787	24,738,829

ATTALA COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2010

About 18% or \$4,879,311 of the County's net assets represents *restricted net assets* which are resources that are subject to external restrictions on how they may be used. Restrictions include statutory requirements, bond covenants, and granting conditions. The most significant portion, \$18,240,449 of the County's net assets, reflects its *investment in capital assets* (e.g. land, buildings, machinery, and equipment) net of related debt.

Attala County's Changes in Net Assets

	Governmental Activities 2010	Governmental Activities 2009
Revenues:		
Net Program revenues:		
Charges for services	\$ 817,403	875,948
Operating grants and contributions	1,233,881	1,124,509
Capital grants and contributions	1,254,392	2,051,790
General revenues:		
Property taxes	7,123,024	5,790,753
Other taxes	234,253	231,949
Grants and contributions not restricted	360,537	378,523
Unrestricted investments earnings	73,788	82,234
Miscellaneous	876,033	638,130
Total revenues	11,973,311	11,173,836
Expenses:		
General government	3,841,295	3,149,538
Public safety	1,387,938	1,970,669
Public works	3,558,327	3,171,626
Health and welfare	287,389	286,868
Culture and recreation	121,189	126,721
Conservation of natural resources	82,012	105,168
Economic development and assistance	284,076	168,196
Interest on long-term debt	108,195	123,570
Total expenses	9,670,421	9,102,356
Change in net assets	2,302,890	2,071,480
Net assets – beginning	24,738,829	22,663,349
Prior period adjustment	46,068	4,000
Net assets – ending	\$ 27,087,787	24,738,829

Key elements of the analysis of the government-wide revenues and expenses reflect the following:

Program revenues of \$3,305,676 equaled 34% of government expenses of \$9,670,421. As expected, general revenues of \$8,667,635 provided the required support and coverage for expenses.

The following table presents the cost of eight major county functional activities. General government, public safety, public works, health and welfare, culture and recreation, conservation of natural resources, economic development and assistance, and interest on long-term debt. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the County's taxpayers by each of these functions.

ATTALA COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Total Expenses	Net(Expense) Revenue
FYE September 30, 2010:		
General government	\$ 3,841,295	(3,056,684)
Public safety	1,387,938	(888,678)
Public works	3,558,327	(1,669,020)
Health and welfare	287,389	(258,891)
Culture and recreation	121,189	(121,189)
Conservation of natural resources	82,012	(82,012)
Economic development and assistance	284,076	(180,076)
Interest on long-term liabilities	108,195	(108,195)
	<hr/>	<hr/>
Total expenses	\$ 9,670,421	(6,364,745)
	<hr/>	<hr/>
FYE September 30, 2009:		
General government	\$ 3,149,538	(2,590,124)
Public safety	1,970,669	(1,553,122)
Public works	3,171,626	(131,254)
Health and welfare	286,868	(251,954)
Culture and recreation	126,721	(126,721)
Conservation of natural resources	105,168	(105,168)
Economic development and assistance	168,196	(168,196)
Interest on long-term liabilities	123,570	(123,570)
	<hr/>	<hr/>
Total expenses	\$ 9,102,356	(5,050,109)
	<hr/>	<hr/>

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

As noted earlier, the County uses *fund accounting* to ensure and demonstrate compliance with finance-related legal requirements. Fund accounting and budget controls have been the framework of the County's strong fiscal management and accountability.

Governmental funds. The general government functions are reported in the General, Special Revenue and Debt Service Funds. The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's annual financing and budgeting requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$8,640,575, an increase of \$1,143,486 in comparison with the prior year. Approximately \$8,531,774 or 99% of the fund balance represents *unreserved fund balance*, which is available for spending at the County's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already committed a variety of other restricted purposes, \$108,801.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$3,741,872. As a measure of the General Fund's liquidity we compare the unreserved fund balance to total fund expenditures. Unreserved fund balance represents 72% of total fund expenditures.

The fund balance of the County's General Fund increased by \$1,356,259, including a prior period adjustment of \$459,955 during the current fiscal year.

ATTALA COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2010

The following table presents expenditures by function compared to prior year amounts.

Expenditures by Function – Governmental Funds

<u>Expenditures by Function</u>	<u>FY 2010</u>	<u>FY 2009</u>	<u>Increase (Decrease)</u>	<u>Percent of Change</u>
General government	\$ 3,785,172	3,120,951	664,221	21%
Public safety	1,834,975	1,910,589	(75,614)	(4%)
Public works	4,222,020	4,999,730	(777,710)	(16%)
Health and welfare	241,116	239,602	1,514	1%
Culture and recreation	101,761	107,293	(5,532)	(5%)
Conservation of natural resources	82,012	105,168	(23,156)	(22%)
Economic development and assistance	221,518	105,638	115,880	110%
Debt service – principal	434,685	405,173	29,512	7%
Debt service – interest/fiscal fees	109,147	124,290	(15,143)	(12%)
Total	\$ 11,032,406	11,118,434	(86,028)	(1%)

Overall, total expenditures decreased by 1%. The primary decreases occurred in public works expenditures 16% and debt service expenditures 12%. There was a 22% decrease in conservation of natural resource expenditures. The primary increase occurred in economic development and assistance 110% and an increase of 21% in general government.

BUDGETARY HIGHLIGHTS

Over the course of the year, the county revised the annual operating budget.

A schedule showing the original and final budget amounts compared to the county's actual financial activity for the General Fund is provided in this report as required supplementary information.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. As of September 30, 2010, the county's total gross capital assets were \$30,916,340, including land, infrastructure, buildings, mobile equipment, leased property under capital leases, and furniture and equipment. This amount represents an increase of \$1,668,742 from the previous year. The increase is primarily due to an increase in infrastructure associated with state aid road projects. Total accumulated depreciation as of September 30, 2010, was \$10,725,205, and total depreciation expense for the year was \$874,478, resulting in total net capital assets of \$20,191,135.

Additional information on the county's capital assets can be found in the notes to the financial statements.

Debt Administration. At September 30, 2010, the county had \$1,950,686 in general obligation bonds and other long-term debt outstanding, of which \$329,985 is due within one year.

Additional information on the county's long-term debt can be found in the notes to the financial statements.

CURRENT ISSUES

Attala County is financially stable. The county is proud of its community support.

ATTALA COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2010

The county has committed itself to financial excellence for many years. The county millage has not increased since 1994. In addition, the county system of financial planning, budgeting and internal financial controls are well regarded. The county plans to continue its sound fiscal management to meet the challenges of the future.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

If you have questions about this report, contact the Clerk of the Board of Supervisors – Attala County, 230 West Washington, Kosciusko, MS 39090.

ATTALA COUNTY

FINANCIAL STATEMENTS

ATTALA COUNTY

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ATTALA COUNTY
Statement of Net Assets
September 30, 2010

Exhibit 1

	Primary Government Governmental Activities	Component Unit Montfort Jones Memorial Hospital
ASSETS		
Cash	\$ 9,162,331	891,767
Property tax receivable	5,743,095	
Accounts receivable (net of allowance for uncollectibles of \$ 2,907,697)		4,373,787
Fines receivable (net of allowance for uncollectibles of \$711,319)	206,219	
Intergovernmental receivables	197,788	
Other receivables	35,636	58,433
Deferred charges - bond issuance cost	17,293	
Inventory		180,279
Restricted Assets		17,703,977
Capital assets:		
Land and construction in progress	1,682,845	1,260,021
Other capital assets, net	18,508,290	3,468,944
Total Assets	35,553,497	27,937,208
LIABILITIES		
Claims payable	479,645	1,181,024
Intergovernmental payables	219,256	
Accrued interest payable	16,749	
Deferred revenue	5,743,095	
Other payables	56,279	82,791
Patient credit balance		458,966
Long-term liabilities		
Due within one year:		
Capital debt	329,985	
Due in more than one year:		
Capital debt	1,620,701	
Total Liabilities	8,465,710	1,722,781
NET ASSETS		
Invested in capital assets, net of related debt	18,240,449	4,728,965
Restricted:		
Expendable:		
General government	1,039,667	
Debt service	44,960	
Public safety	218,712	
Public works	3,532,570	
Health and welfare	17,260	
Economic development	839	
Unemployment compensation	25,303	
Unrestricted	3,968,027	21,485,462
Total Net Assets	\$ 27,087,787	26,214,427

The notes to the financial statements are an integral part of this statement.

ATTALA COUNTY
Statement of Activities
For the Year Ended September 30, 2010

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Unit
					Governmental Activities	Montford Jones Memorial Hospital
Primary government:						
Governmental activities:						
General government	\$ 3,841,295	413,145	7,605	363,861	(3,056,684)	
Public safety	1,387,938	400,767	98,493		(888,678)	
Public works	3,558,327	3,491	995,285	890,531	(1,669,020)	
Health and welfare	287,389		28,498		(258,891)	
Culture and recreation	121,189				(121,189)	
Conservation of natural resources	82,012				(82,012)	
Economic development and assistance	284,076		104,000		(180,076)	
Interest on long-term debt	108,195				(108,195)	
Total Governmental Activities	<u>9,670,421</u>	<u>817,403</u>	<u>1,233,881</u>	<u>1,254,392</u>	<u>(6,364,745)</u>	
Total Primary Government	<u>9,670,421</u>	<u>817,403</u>	<u>1,233,881</u>	<u>1,254,392</u>	<u>(6,364,745)</u>	
Component unit:						
Montford Jones Memorial Hospital	\$ 15,642,955	12,958,694				(2,684,261)
Total Component Units	<u>\$ 15,642,955</u>	<u>12,958,694</u>	<u>0</u>	<u>0</u>		<u>(2,684,261)</u>
General revenues:						
Property taxes				\$	7,123,024	
Road & bridge privilege taxes					234,253	
Grants and contributions not restricted to specific programs					360,537	70,000
Unrestricted interest income					73,788	
Unrestricted investment income						428,246
Miscellaneous					876,033	31,000
Total General Revenues					<u>8,667,635</u>	<u>529,246</u>
Changes in Net Assets					<u>2,302,890</u>	<u>(2,155,015)</u>
Net Assets - Beginning as previously reported					24,738,829	28,369,442
Prior period adjustment					46,068	
Net Assets - Beginning, as restated					<u>24,784,897</u>	<u>28,369,442</u>
Net Assets - Ending				\$	<u>27,087,787</u>	<u>26,214,427</u>

The notes to the financial statements are an integral part of this statement.

ATTALA COUNTY
Balance Sheet - Governmental Funds
September 30, 2010

Exhibit 3

	Major Fund		
	General	Other	Total
	Fund	Governmental	Governmental
		Funds	Funds
ASSETS			
Cash	\$ 4,061,353	5,100,978	9,162,331
Property tax receivable	4,187,250	1,555,845	5,743,095
Fines receivable (net of allowance for uncollectibles of \$711,319)	206,219		206,219
Intergovernmental receivables	114,765	83,023	197,788
Other receivables	11,701	23,907	35,608
Due from other funds	28	38,057	38,085
Advances to other funds	21,789		21,789
Total Assets	\$ 8,603,105	6,801,810	15,404,915
LIABILITIES AND FUND BALANCES			
Liabilities:			
Claims payable	\$ 132,383	347,262	479,645
Intergovernmental payables	219,256		219,256
Due to other funds	38,057		38,057
Advances from other funds		21,789	21,789
Deferred revenue	4,393,469	1,555,845	5,949,314
Other payables	56,279		56,279
Total Liabilities	4,839,444	1,924,896	6,764,340
Fund balances:			
Reserved for:			
Debt service		61,709	61,709
Advances	21,789		21,789
Unemployment compensation		25,303	25,303
Unreserved - undesignated, reported in:			
General Fund	3,741,872		3,741,872
Special Revenue Funds		4,789,902	4,789,902
Total Fund Balances	3,763,661	4,876,914	8,640,575
Total Liabilities and Fund Balances	\$ 8,603,105	6,801,810	15,404,915

The notes to the financial statements are an integral part of this statement.

ATTALA COUNTY

Exhibit 3-1Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets
September 30, 2010

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 8,640,575
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$10,725,205.	20,191,135
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	
Fines receivable	206,219
Unamortized bond issue costs	17,293
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(1,950,686)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	<u>(16,749)</u>
Total Net Assets - Governmental Activities	\$ <u><u>27,087,787</u></u>

The notes to the financial statements are an integral part of this statement.

ATTALA COUNTY

Exhibit 4

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

For the Year Ended September 30, 2010

	<u>Major Fund</u>		
	General	Other	Total
	Fund	Governmental	Governmental
		Funds	Funds
REVENUES			
Property taxes	\$ 4,353,435	2,769,589	7,123,024
Road and bridge privilege taxes		234,253	234,253
Licenses, commissions and other revenue	270,833	6,602	277,435
Fines and forfeitures	234,128	66,733	300,861
Intergovernmental revenues	490,239	2,358,571	2,848,810
Charges for services	115,493	181,332	296,825
Interest income	43,098	30,690	73,788
Miscellaneous revenues	618,437	239,379	857,816
Total Revenues	<u>6,125,663</u>	<u>5,887,149</u>	<u>12,012,812</u>
EXPENDITURES			
Current:			
General government	2,929,850	855,322	3,785,172
Public safety	1,593,124	241,851	1,834,975
Public works	135,856	4,086,164	4,222,020
Health and welfare	241,116		241,116
Culture and recreation	101,761		101,761
Conservation of natural resources	82,012		82,012
Economic development and assistance	117,518	104,000	221,518
Debt service:			
Principal	27,735	406,950	434,685
Interest	628	108,519	109,147
Total Expenditures	<u>5,229,600</u>	<u>5,802,806</u>	<u>11,032,406</u>
Excess of Revenues over (under) Expenditures	<u>896,063</u>	<u>84,343</u>	<u>980,406</u>
OTHER FINANCING SOURCES (USES)			
Long-term capital debt issued		120,000	120,000
Proceeds from sale of capital assets	500	30,033	30,533
Compensation for loss of capital assets	12,547		12,547
Transfers in	80	446,196	446,276
Transfers out	(12,886)	(433,390)	(446,276)
Total Other Financing Sources and Uses	<u>241</u>	<u>162,839</u>	<u>163,080</u>
Net Changes in Fund Balances	<u>896,304</u>	<u>247,182</u>	<u>1,143,486</u>
Fund Balances - Beginning as previously reported	2,407,402	5,089,687	7,497,089
Prior period adjustment	459,955	(459,955)	
Fund Balances - Beginning, as restated	<u>2,867,357</u>	<u>4,629,732</u>	<u>7,497,089</u>
Fund Balances - Ending	<u>\$ 3,763,661</u>	<u>4,876,914</u>	<u>8,640,575</u>

The notes to the financial statements are an integral part of this statement.

ATTALA COUNTY

Exhibit 4-1

Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2010

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ 1,143,486
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net assets differs from the change in fund balances by the amount that capital outlays of \$1,802,907 exceeded depreciation of \$874,478 in the current period.	928,429
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net assets differs from the change in fund balances by the amount of the net gain of \$16,136 and the proceeds from the sale of assets of \$30,533 and the compensation for loss of capital assets of \$12,547 in the current period.	(26,944)
Fine revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	(57,718)
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Thus, the change in net assets differs from the change in fund balances by the amount that debt repayments of \$434,685 exceeded debt proceeds of \$120,000.	314,685
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net assets differs from the change in fund balances by a combination of the following items:	
The amount of decrease in accrued interest payable	2,874
Amortization of bond issuance costs	<u>(1,922)</u>
Change in Net Assets of Governmental Activities	\$ <u>2,302,890</u>

The notes to the financial statements are an integral part of this statement.

ATTALA COUNTY
Statement of Fiduciary Assets and Liabilities
September 30, 2010

Exhibit 5

		Agency Funds
		<u> </u>
ASSETS		
Cash	\$	<u>130,764</u>
Total Assets	\$	<u><u>130,764</u></u>
LIABILITIES		
Intergovernmental payables	\$	67,163
Other payables		63,573
Due to other funds		<u>28</u>
Total Liabilities	\$	<u><u>130,764</u></u>

The notes to the financial statements are an integral part of this statement.

ATTALA COUNTY

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ATTALA COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2010

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

Attala County is a political subdivision of the State of Mississippi. The county is governed by an elected five-member Board of Supervisors. Accounting principles generally accepted in the United States of America require Attala County to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the county.

State law pertaining to county government provides for the independent election of county officials. The following elected and appointed officials are all part of the county legal entity and therefore are reported as part of the primary government financial statements.

- Board of Supervisors
- Chancery Clerk
- Circuit Clerk
- Justice Court Clerk
- Purchase Clerk
- Tax Assessor-Collector
- Sheriff

B. Individual Component Unit Disclosure.

Discretely Presented Component Unit

The component unit column in the financial statements includes the financial data of the following component unit of the county. It is reported in a separate column to emphasize that it is legally separate from the county. All of the members of the governing body of this component unit are appointed by the county Board of Supervisors.

Montfort Jones Memorial Hospital is a 71-bed acute care hospital located in Kosciusko, Mississippi. The hospital provides healthcare services primarily to residents of the region.

The discretely presented component unit is audited by an independent auditor, and its financial statements are issued under separate cover. The audited financial statements are available from Montfort Jones Memorial Hospital.

C. Basis of Presentation.

The county's basic financial statements consist of government-wide statements, including a Statement of Net Assets and a Statement of Activities, fund financial statements and accompanying note disclosures which provide a detailed level of financial information.

Government-wide Financial Statements:

The Statement of Net Assets and Statement of Activities display information concerning the county as a whole. The statements include all nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other nonexchange revenues. The primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

ATTALA COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2010

The Statement of Net Assets presents the financial condition of the governmental activities of the county at year-end. The Government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the county's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenues not classified as program revenues are presented as general revenues of the county, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the county.

Fund Financial Statements:

Fund financial statements of the county are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures. Funds are organized into governmental and fiduciary. Major individual Governmental Funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

D. Measurement Focus and Basis of Accounting.

The Government-wide and Fiduciary Funds (excluding agency funds) financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Shared revenues are recognized when the provider government recognizes the liability to the county. Grants are recognized as revenues as soon as all eligibility requirements have been satisfied. Agency funds have no measurement focus, but use the accrual basis of accounting.

Governmental financial statements are presented using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period when they are both measurable and available to finance operations during the year or to liquidate liabilities existing at the end of the year. Available means collected in the current period or within 60 days after year end to liquidate liabilities existing at the end of the year. Measurable means knowing or being able to reasonably estimate the amount. Expenditures are recognized in the accounting period when the related fund liabilities are incurred. Debt service expenditures and expenditures related to compensated absences and claims and judgments, are recognized only when payment is due. Property taxes, state appropriations and federal awards are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

The county reports the following major Governmental Fund:

General Fund - This fund is used to account for all activities of the general government for which a separate fund has not been established.

Additionally, the county reports the following fund types:

GOVERNMENTAL FUND TYPES

Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Special Revenue Funds account for, among others, certain federal grant programs, taxes levied with statutorily defined distributions and other resources restricted as to purpose.

ATTALA COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2010

Debt Service Funds - These funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

FIDUCIARY FUND TYPE

Agency Funds - These funds account for various taxes, deposits and other monies collected or held by the county, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries.

E. Account Classifications.

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing and Financial Reporting* as issued in 2005 by the Government Finance Officers Association.

F. Deposits and Investments.

State law authorizes the county to invest in interest bearing time certificates of deposit for periods of fourteen days to one year with depositories and in obligations of the U.S. Treasury, State of Mississippi, or any county, municipality or school district of this state. Further, the county may invest in certain repurchase agreements.

Cash includes cash on hand, demand deposits, all certificates of deposit and cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (generally three months or less). Investments in governmental securities are stated at fair value. However, the county did not invest in any governmental securities during the fiscal year.

G. Receivables.

Receivables are reported net of allowances for uncollectible accounts, where applicable.

H. Interfund Transactions and Balances.

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "due to/from other funds." Noncurrent portions of interfund receivables and payables are reported as "advances to/from other funds." Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable Governmental Funds to indicate that they are not available for appropriation and are not expendable available financial resources. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets.

I. Capital Assets.

Capital acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the governmental activities column in the government-wide financial statements. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. The extent to which capital assets costs have been estimated and the methods of estimation are not readily available. Donated capital assets are recorded at estimated fair market value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on capital assets.

ATTALA COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2010

Governmental accounting and financial reporting standards allow governments meeting certain criteria to elect not to report major general infrastructure assets retroactively. Attala County meets this criteria and has so elected. Therefore, the major general infrastructure assets acquired prior to October 1, 2002, are not reported in the government-wide financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets acquired subsequent to October 1, 2002.

Capitalization thresholds (dollar value above which asset acquisitions are added to the capital asset accounts) and estimated useful lives are used to report capital assets in the government-wide statements. Depreciation is calculated on the straight-line basis for all assets, except land. A full year's depreciation expense is taken for all purchases and sales of capital assets during the year. The following schedule details those thresholds and estimated useful lives:

	Capitalization Thresholds	Estimated Useful Life
Land	\$ 0	N/A
Infrastructure	0	20-50 years
Buildings	50,000	40 years
Mobile equipment	5,000	5-10 years
Furniture and equipment	5,000	3-7 years
Leased property under capital leases	*	*

* Leased property capitalization policy and estimated useful life will correspond with the amounts for the asset classification, as listed above.

J. Long-term Liabilities.

Long-term liabilities are the unmatured principal of bonds, loans, notes or other forms of noncurrent or long-term general obligation indebtedness. Long-term liabilities are not limited to liabilities from debt issuances, but may also include liabilities on lease-purchase agreements and other commitments.

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Assets. Bond issuance costs are reported as deferred charges and amortized over the life of the bonds using the straight-line method.

K. Equity Classifications.

Government-wide Financial Statements:

Equity is classified as net assets and displayed in three components:

Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings attributable to the acquisition, construction or improvement of those assets.

Restricted net assets - Consists of net assets with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation.

Unrestricted net assets - All other net assets not meeting the definition of "restricted" or "invested in capital assets, net of related debt."

ATTALA COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2010

Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balance is classified as reserved or unreserved with unreserved classified as designated and undesignated.

Unreserved fund balance represents the amount available for budgeting future operations. Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose.

L. Property Tax Revenues.

Numerous statutes exist under which the Board of Supervisors may levy property taxes. The selection of authorities is made based on the objectives and responsibilities of the county. Restrictions associated with property tax levies vary with the statutory authority. The amount of increase in certain property taxes is limited by state law. Generally, this restriction provides that these tax levies shall produce no more than 110% of the amount which resulted from the assessments of the previous year.

The Board of Supervisors, each year at a meeting in September, levies property taxes for the ensuing fiscal year which begins on October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes become a lien on March 1 of the current year. Taxes on both real and personal property, however, are due on or before February 1 of the next succeeding year. Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of original purchase.

Accounting principles generally accepted in the United States of America require property taxes to be recognized at the levy date if measurable and available. All property taxes are recognized as revenue in the year for which they are levied. Motor vehicle and mobile home taxes do not meet the measurability and collectibility criteria for property tax recognition because the lien and due date cannot be established until the date of original purchase occurs.

M. Intergovernmental Revenues in Governmental Funds.

Intergovernmental revenues, consisting of grants, entitlements and shared revenues, are usually recorded in Governmental Funds when measurable and available. However, the "available" criterion applies for certain federal grants and shared revenues when the expenditure is made because expenditure is the prime factor for determining eligibility. Similarly, if cost sharing or matching requirements exist, revenue recognition depends on compliance with these requirements.

(2) Prior Period Adjustments.

A summary of significant fund equity adjustments is as follows:

Exhibit 2 - Statement of Activities.

Explanation	Amount
Prior period additions to capital assets (construction in progress) were omitted from capital assets in previous year	\$ 46,068

ATTALA COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2010

Exhibit 4 - Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.

Explanation	General Fund	Other Governmental Fund	Total
To reclassify the Reappraisal Fund from Other Governmental Funds to the General Fund:			
General Fund	\$ 466,961		466,961
Other Governmental Funds		(466,961)	(466,961)
To correct posting error in repaying interfund loan in prior year:			
General Fund	(7,006)		(7,006)
Other Governmental Funds		7,006	7,006
Total prior period adjustments – Exhibit 4	<u>\$ 459,955</u>	<u>(459,955)</u>	<u>0</u>

(3) Deposits.

The carrying amount of the county's total deposits with financial institutions at September 30, 2010, was \$9,293,095, and the bank balance was \$9,589,086. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of the failure of a financial institution, the county will not be able to recover deposits or collateral securities that are in the possession of an outside party. The county does not have a formal policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the county. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the county.

(4) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2010:

A. Due From/To Other Funds:

Receivable Fund	Payable Fund	Amount
General	Agency Funds	\$ 28
Other Governmental Funds	General	38,057
Total		<u>\$ 38,085</u>

The receivables represent the tax revenue and interest income collected but not settled until October, 2010. All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Advances from/to Other Funds:

Receivable Fund	Payable Fund	Amount
General	Other Governmental Funds	\$ 21,789

The amount payable to the General Fund represents an amount transferred in a previous year to the Reappraisal Maintenance Fund to alleviate a cash deficit.

ATTALA COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2010

C. Transfers In/Out:

Transfer In	Transfer Out	Amount
General Fund	Other Governmental Funds	\$ 80
Other Governmental Funds	Other Governmental Funds	433,310
Other Governmental Funds	General Fund	12,886
Total		<u>\$ 446,276</u>

The principal purpose of the transfers was for operating costs. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

(5) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2010, consisted of the following:

Description	Amount
Governmental Activities:	
Legislative tax credit	\$ 67,018
Amount due from MS Dept. of Health and Human Services	1,708
Amount due from MS Dept. of Transportation - litter control program	2,614
Amount due from MS. Dept. of Corrections - housing state inmates	14,423
Amount due from State of MS – heavy truck tags	9,688
Amount due from State of MS – gas tax	25,042
Amount due from State of MS – state aid road reimbursement	6,150
Amount due from State of MS – timber severance	1,571
Amount due from State of MS – youth court support	629
Amount due from various counties for court expenses	16,930
Amount due from CDBG grant	4,000
Amount due from FEMA	34,629
Amount due from State of MS – Dept. of Archives	13,065
Miscellaneous	321
Total Governmental Activities	<u>\$ 197,788</u>

(6) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2010:

Governmental activities:

	Balance Oct. 1, 2009	Additions	Deletions	Adjustments*	Balance Sept. 30, 2010
Non-depreciable capital assets:					
Land	\$ 896,813				896,813
Construction in progress	1,920,259	1,319,697		(2,453,924)	786,032
Total non-depreciable capital assets	2,817,072	1,319,697	0	(2,453,924)	1,682,845
Depreciable capital assets:					
Infrastructure	10,245,876			2,499,992	12,745,868
Buildings	8,484,107				8,484,107
Mobile equipment	6,011,502	184,864	180,233	348,484	6,364,617
Furniture and equipment	149,103	127,486		69,762	346,351
Leased property under capital leases	1,539,938	170,860		(418,246)	1,292,552

ATTALA COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2010

	Balance Oct. 1, 2009	Additions	Deletions	Adjustments*	Balance Sept. 30, 2010
Total depreciable capital assets	26,430,526	483,210	180,233	2,499,992	29,233,495
<u>Less accumulated depreciation for:</u>					
Infrastructure	1,237,278	297,257			1,534,535
Buildings	3,656,075	147,279			3,803,354
Mobile equipment	4,580,327	279,919	153,289	123,788	4,830,745
Furniture and equipment	106,586	33,693		69,064	209,343
Leased property under capital leases	423,750	116,330		(192,852)	347,228
Total accumulated depreciation	10,004,016	874,478	153,289	0	10,725,205
Total depreciable capital assets, net	16,426,510	(391,268)	26,944	2,499,992	18,508,290
Governmental activities capital assets, net	\$ 19,243,582	928,429	26,944	46,068	20,191,135

Discretely Presented Component Unit: Montfort Jones Memorial Hospital

	Balance Oct. 1, 2009	Additions	Deletions	Adjustments	Balance Sept. 30, 2010
<u>Non-depreciable capital assets:</u>					
Land	\$ 245,274				245,274
Construction in progress	279,522	874,716	139,491		1,014,747
Total non-depreciable capital assets	524,796	874,716	139,491	0	1,260,021
<u>Depreciable capital assets:</u>					
Land Improvements	158,080				158,080
Buildings	3,157,286				3,157,286
Fixed Equipment	948,546				948,546
Major Movable Equipment	6,085,033	333,506			6,418,539
Total depreciable capital assets	10,348,945	333,506	0	0	10,682,451
<u>Less accumulated depreciation for:</u>					
Land Improvements	149,605	4,321			153,926
Buildings	2,271,415	149,123			2,420,538
Fixed Equipment	631,019	25,507			656,526
Major Movable Equipment	3,576,626	405,891			3,982,517
Total accumulated depreciation	6,628,665	584,842	0	0	7,213,507
Total depreciable capital assets, net	3,720,280	(251,336)	0	0	3,468,944
Montfort Jones Memorial Hospital capital assets, net	\$ 4,245,076	623,380	139,491	0	4,728,965

*Adjustments represent reclassifications from construction in progress to infrastructure and reclassifications of leased property under capital lease to mobile equipment and furniture and equipment along with related accumulated depreciation and a prior period adjustment of \$46,068 for capital assets left off prior year amounts.

ATTALA COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2010

Depreciation expense was charged to the following functions:

	Amount
Governmental Activities:	
General government	\$ 54,042
Public safety	109,615
Public works	582,562
Health and welfare	46,273
Culture and recreation	19,428
Economic development	62,558
	<hr/>
Total governmental activities depreciation expense	\$ 874,478

Commitments with respect to unfinished capital projects at September 30, 2010, consisted of the following:

Description of Commitment	Remaining Financial Commitment	Expected Date of Completion
State Aid Project # LSBP – 0413	\$ 9,448	03/2011
Courthouse renovation	149,880	09/2011

(7) Claims and Judgments.

Risk Financing.

The county finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The county pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2010, to January 1, 2011. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

(8) Operating Leases.

As Lessor:

The county receives income from property it leases under noncancellable operating leases. Total income from such leases was \$537,987 for the year ended September 30, 2010. The future minimum lease receivables for these leases are as follows:

Year Ended September 30	Amount
2011	\$ 534,106
2012	530,607
2013	528,106
2014	528,107
2015	528,106
2016 – 2020	574,596
2021 – 2025	407,629
	<hr/>
Total Minimum Payments Required	\$ 3,631,257

ATTALA COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2010

(9) Capital Leases.

As Lessee:

The county is obligated for the following capital assets acquired through capital leases as of September 30, 2010:

The following is a schedule by years of the total payments due as of September 30, 2010:

Year Ending September 30	Governmental Activities	
	Principal	Interest
2011	\$ 219,985	17,762
2012	215,212	8,702
2013	84,239	2,420
2014	6,250	143
Total	\$ 525,686	29,027

(10) Long-term Debt.

Debt outstanding as of September 30, 2010, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. General Obligation Bonds:			
Series 2005 Industrial Bonds (Jack Post Property)	\$ 1,425,000	4.88/5.50%	02/01/2020
B. Capital Leases:			
2006 Caterpillar Grader	\$ 120,500	4.38%	01/10/2012
2006 Caterpillar Grader	62,602	4.25%	01/10/2013
2008 International Fire Truck	40,348	3.45%	07/10/2011
2008 Case 580M Backhoe	11,116	3.55%	01/10/2011
140H Caterpillar Motor Grader	92,670	3.26%	07/10/2013
140H Caterpillar Motor Grader	82,200	3.45%	07/10/2013
Caterpillar 930G Loader	37,500	3.00%	01/10/2013
2010 John Deere 6430 Tractor	43,750	4.50%	01/10/2014
2009 Holland Tractor & Mower	35,000	2.85%	07/10/2011
Total Capital Leases	\$ 525,686		

ATTALA COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2010

Annual debt service requirements to maturity for the following debt reported in the Statement of Net Assets are as follows:

Governmental Activities:

Year Ending September 30	General Obligation Bonds	
	Principal	Interest
2011	\$ 110,000	71,704
2012	115,000	65,797
2013	125,000	59,497
2014	130,000	53,048
2015	135,000	46,504
2016 – 2020	810,000	113,802
Total	\$ 1,425,000	410,352

Legal Debt Margin - The amount of debt, excluding specific exempted debt, that can be incurred by the county is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the county, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the county. As of September 30, 2010, the amount of outstanding debt was equal to less than 1% of the latest property assessments.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2010:

	Balance Oct. 1, 2009	Additions	Reductions	Balance Sept. 30, 2010	Amount due within one year
Governmental Activities:					
General obligation bonds	\$ 1,595,000		170,000	1,425,000	110,000
Capital leases	670,371	120,000	264,685	525,686	219,985
Total	\$ 2,265,371	120,000	434,685	1,950,686	329,985

(11) Deficit Fund Balances of Individual Funds.

The following fund reported a deficit in fund balance at September 30, 2010:

Fund	Deficit Amount
Reappraisal Maintenance Fund	\$ 19,146

(12) Contingencies.

Federal Grants - The county has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a grantor audit may become a liability of the county. No provision for any liability that may result has been recognized in the county's financial statements.

ATTALA COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2010

Litigation - The county is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the county with respect to the various proceedings. However, the county's legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the county.

(13) Joint Venture.

The county participates in the following joint venture:

Attala County is a participant with the City of Kosciusko in a joint venture, authorized by Section 61-3-5, Miss. Code Ann. (1972), to operate the Attala County Airport Commission. The joint venture was created to manage, control and operate the Attala County Airport and is governed by a five-member board of commissioners appointed as follows: Attala County, two; City of Kosciusko, two; rotation, one. The county has appropriated \$10,573 from the General Fund to the joint venture in fiscal year 2010. Financial statements are not available for the Attala County Airport Commission.

(14) Jointly Governed Organizations.

The county participates in the following jointly governed organizations:

Homes Community College operates in a district composed of the Counties of Attala, Carroll, Choctaw, Grenada, Holmes, Madison, Montgomery, Webster and Yazoo. The Attala County Board of Supervisors appoints two of the 22 members of the college board of trustees. The county appropriated \$681,675 for maintenance and support of the college in fiscal year 2010.

Mid-Mississippi Regional Library System operates in a district composed of the Counties of Attala, Holmes, Leake, Montgomery and Winston. The Attala County Board of Supervisors appoints one of the five members of the library board of directors. The county appropriated \$243,417 for maintenance and support of the library in fiscal year 2010.

Region Six Mental Health/Mental Retardation Center Life Help operates in a district composed of the Counties of Attala, Carroll, Grenada, Holmes, Humphreys, Leflore, Montgomery and Sunflower. The Attala County Board of Supervisors appoints one of the eight members of the board of commissioners. The county appropriated \$50,000 for maintenance and support of the center in fiscal year 2010.

Central Mississippi Emergency Medical Services District operates in a district composed of the counties of Attala, Clarke, Copiah, Holmes, Lauderdale, Leake, Madison, Rankin, Scott, Smith, Warren and Yazoo. The Attala County Board of Supervisors appoints two of the 26 members of the board of commissioners. The county did not provide any support for the district in fiscal year 2010.

North Central Planning and Development District operates in a district composed of the Counties of Attala, Carroll, Grenada, Holmes, Leflore, Montgomery and Yalobusha. The Attala County Board of Supervisors appoints five of the 35 members of the board of directors. The county appropriated \$47,518 for support of the district in fiscal year 2010.

(15) Defined Benefit Pension Plan.

Plan Description. Attala County, Mississippi, contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

ATTALA COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2010

Funding Policy. At September 30, 2010, PERS members were required to contribute 9% of their annual covered salary, and the county is required to contribute at an actuarially determined rate. The rate at September 30, 2010 was 12% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The county's contributions (employer share only) to PERS for the years ending September 30, 2010, 2009 and 2008 were \$359,885, \$357,819 and \$342,198, respectively, equal to the required contributions for each year.

(16) Subsequent Event.

Subsequent to September 30, 2010, the county issued the following debt obligation:

Issue Date	Interest Rate	Issue Amount	Type of Financing	Source of Financing
02/11/2011	3.50%	\$ 65,000	Capital lease	Ad valorem taxes
02/23/2012	2.49%	37,000	Capital lease	Ad valorem taxes
02/23/2012	2.74%	48,350	Capital lease	Ad valorem taxes
05/26/2011	3.00 – 5.63%	6,500,000	Contingent liability – Special Obligation Bonds	Hospital revenues

ATTALA COUNTY

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ATTALA COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

ATTALA COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 General Fund
 For the Year Ended September 30, 2010

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 4,008,111	4,352,522	4,352,522	
Licenses, commissions and other revenue	286,300	270,092	270,092	
Fines and forfeitures	209,450	234,128	234,128	
Intergovernmental revenues	479,350	514,894	514,894	
Charges for services	80,000	115,551	115,551	
Interest income	89,000	42,931	42,931	
Miscellaneous revenues	274,848	604,842	604,842	
Total Revenues	<u>5,427,059</u>	<u>6,134,960</u>	<u>6,134,960</u>	<u>0</u>
EXPENDITURES				
Current:				
General government	2,918,328	2,917,497	2,917,497	
Public safety	1,537,260	1,598,113	1,598,113	
Public works	188,145	136,799	136,799	
Health and welfare	293,800	236,424	236,424	
Culture and recreation	113,658	101,893	101,893	
Conservation of natural resources	114,066	83,436	83,436	
Economic development and assistance	142,518	117,518	117,518	
Debt service:				
Principal		27,735	27,735	
Interest		628	628	
Total Expenditures	<u>5,307,775</u>	<u>5,220,043</u>	<u>5,220,043</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>119,284</u>	<u>914,917</u>	<u>914,917</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Transfers in		428	428	
Transfers out	(152,000)	(11,752)	(11,752)	
Total Other Financing Sources and Uses	<u>(152,000)</u>	<u>(11,324)</u>	<u>(11,324)</u>	<u>0</u>
Net Change in Fund Balance	(32,716)	903,593	903,593	
Fund Balances - Beginning	<u>2,400,000</u>	<u>2,906,328</u>	<u>2,845,836</u>	<u>(60,492)</u>
Fund Balances - Ending	<u>\$ 2,367,284</u>	<u>3,809,921</u>	<u>3,749,429</u>	<u>(60,492)</u>

The accompanying notes to the Required Supplementary Information are an integral part of this statement.

ATTALA COUNTY

Notes to the Required Supplementary Information For the Year Ended September 30, 2010

A. Budgetary Information.

Statutory requirements dictate how and when the county's budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Supervisors of the county, using historical and anticipated fiscal data and proposed budgets submitted by the Sheriff and the Tax Assessor-Collector for his or her respective department, prepares an original budget for each of the Governmental Funds for said fiscal year. The completed budget for the fiscal year includes for each fund every source of revenue, each general item of expenditure, and the unencumbered cash and investment balances. When during the fiscal year it appears to the Board of Supervisors that budgetary estimates will not be met, it may make revisions to the budget.

The county's budget is prepared principally on the cash basis of accounting. All appropriations lapse at year end, and there are no encumbrances to budget because state law does not require that funds be available when goods or services are ordered, only when payment is made.

B. Basis of Presentation.

The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary (Non-GAAP Basis) and variances between the final budget and the actual amounts. The schedule is presented for the General Fund. The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) is a part of required supplemental information.

C. Budget/GAAP Reconciliation.

The major differences between the budgetary basis and the GAAP basis are:

1. Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

The following schedule reconciles the budgetary basis schedule to the GAAP basis financial statements for the General Fund:

		<u>Governmental Fund Type</u>
		<u>General Fund</u>
Budget (Cash Basis)	\$	903,593
Increase (Decrease)		
Net adjustments for revenue accruals		3,402
Net adjustments for expenditure accruals		(10,691)
GAAP Basis	\$	<u>896,304</u>

ATTALA COUNTY

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ATTALA COUNTY

SPECIAL REPORTS

ATTALA COUNTY

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE
FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Members of the Board of Supervisors
Attala County, Mississippi

We have audited the financial statements of the governmental activities, the discretely presented component unit, the major fund and the aggregate remaining fund information of Attala County, Mississippi, as of and for the year ended September 30, 2010, which collectively comprise the county's basic financial statements and have issued our report thereon dated September 7, 2012. Our report includes a reference to another auditor. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Another auditor audited the financial statements of the Montfort Jones Memorial Hospital, as described in our report on Attala County, Mississippi's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by that auditor.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Attala County, Mississippi's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the county's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the county's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings and Responses as 10-1, 10-2, 10-3 and 10-4 that we consider to be significant deficiencies in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

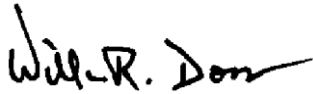
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Attala County, Mississippi's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters that we reported to the management of Attala County, Mississippi, in the Independent Auditor's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules and the Limited Internal Control and Compliance Review Management Report dated September 7, 2012, included within this document.

Attala County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. We did not audit Attala County's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Board of Supervisors, others within the entity, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

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WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division

September 7, 2012



STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR

**INDEPENDENT AUDITOR'S REPORT ON CENTRAL PURCHASING SYSTEM,
INVENTORY CONTROL SYSTEM AND PURCHASE CLERK SCHEDULES
(REQUIRED BY SECTION 31-7-115, MISS. CODE ANN. (1972))**

Members of the Board of Supervisors
Attala County, Mississippi

We have examined Attala County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2010. The Board of Supervisors of Attala County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the County's compliance with those requirements and performing other procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the County's compliance with specified requirements. The Board of Supervisors of Attala County, Mississippi, has established centralized purchasing for all funds of the county and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

Because of inherent limitations in any central purchasing system and inventory control system, errors or irregularities may occur and not be detected. Also, projection of any current evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

The results of our audit procedures disclosed certain instances of noncompliance with the aforementioned code sections. These instances of noncompliance were considered in forming our opinion on compliance. Our finding and recommendation and your response are disclosed below:

Inventory Control Clerk.

Finding

Section 31-7-107, Miss. Code Ann. (1972), requires inventory reports to be filed with the Board of Supervisors, in triplicate with copies forwarded to the Office of the State Auditor no later than October 15th of each year. As reported in the prior year's audit report, the required inventory reports were not filed with the Board of Supervisors, in triplicate with copies forwarded to the Office of the State Auditor. The failure to prepare and file the annual reports could result in the reporting of inaccurate amounts and increases the possibility of the loss or misappropriation of public funds.

Recommendation

The Inventory Control Clerk should prepare the inventory reports, as required by law.

Inventory Control Clerk's Response

We will follow Audit Department recommendation.

In our opinion, except for the noncompliance referred to in the preceding paragraph, Attala County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2010.

The accompanying schedules of (1) Purchases Not Made from the Lowest Bidder, (2) Emergency Purchases and (3) Purchases Made Noncompetitively from a Sole Source are presented in accordance with Section 31-7-115, Miss. Code Ann. (1972). The information contained on these schedules has been subjected to procedures performed in connection with our aforementioned examination of the purchasing system and, in our opinion, is fairly presented, in all material respects, when considered in relation to that examination.

Attala County's response to the finding included in this report was not audited, and accordingly, we express no opinion on it.

This report is intended for use in evaluating the central purchasing system and inventory control system of Attala County, Mississippi, and is not intended to be and should not be relied upon for any other purpose. However, this report is a matter of public record and its distribution is not limited.

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WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division

September 7, 2012

ATTALA COUNTY

Schedule 1

Schedule of Purchases Not Made From the Lowest Bidder
For the Year Ended September 30, 2010

Our test results did not identify any purchases from other than the lowest bidder.

ATTALA COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2010

Schedule 2

Our test results did not identify any emergency purchases.

ATTALA COUNTY

Schedule 3

Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2010

Our test results did not identify any purchases made noncompetitively from a sole source.

ATTALA COUNTY

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Attala County, Mississippi

In planning and performing our audit of the financial statements of Attala County, Mississippi for the year ended September 30, 2010, we considered Attala County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Attala County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the county's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated September 7, 2012, on the financial statements of Attala County, Mississippi.

Due to the reduced scope, these review procedures and compliance tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, our consideration of internal control would not necessarily disclose all matters within the internal control that might be weaknesses. In accordance with Section 7-7-211, Miss. Code Ann. (1972), the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

The results of our review procedures and compliance tests identified an immaterial instance of noncompliance with state laws and regulations that is an opportunity for strengthening internal controls and operating efficiency. Our finding, recommendation, and your response are disclosed below:

Board of Supervisors.

Finding

Section 19-3-27, Miss. Code Ann. (1972), requires the board minutes to be a complete and correct record of all proceedings of the Board of Supervisors. As reported in the prior year audit report, interfund transfers were made without board orders spread on the minutes. The failure to approve all transfers in the board minutes could cause transfers to be misrepresented and creates the opportunity for inappropriate transfers to be made.

Recommendation

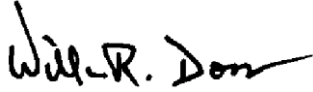
The Board of Supervisors should spread orders on the minutes relative to interfund transfers.

Board of Supervisors' Response

We will follow Audit Department recommendations.

Attala County's response to the finding included in this report was not audited, and accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Supervisors, and others within the entity and is not intended to be and should not be used by anyone other than these parties. However, this report is a matter of public record and its distribution is not limited.

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WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division

September 7, 2012

ATTALA COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

ATTALA COUNTY

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ATTALA COUNTY

Schedule of Findings and Responses
For the Year Ended September 30, 2010

Section 1: Summary of Auditor's Results

Financial Statements:

- | | | |
|----|--|-------------|
| 1. | Type of auditor's report issued on the financial statements: | Unqualified |
| 2. | Internal control over financial reporting: | |
| a. | Material weakness identified? | No |
| b. | Significant deficiencies identified? | Yes |
| 3. | Noncompliance material to the financial statements noted? | No |

Section 2: Financial Statement Findings

Tax Assessor-Collector.

Significant Deficiency

- 10-1. Credit card transactions should be reconciled.

Finding

An effective system of internal control over tax collections should include the maintenance and reconciliation of records documenting daily collections. As reported in the prior two years' audit reports, the bookkeeper was unable to reconcile credit card transactions. Failure to implement adequate controls over the collection, recording and disbursement functions could result in the loss of public funds.

Recommendation

The Tax Assessor-Collector should ensure that records of the credit card transactions are properly maintained and reconciled to the bank accounts in a timely manner.

Tax Assessor-Collector's Response

We are working on this problem.

Circuit Clerk.

Significant Deficiency

- 10-2. Separation of duties in Circuit Clerk's office should be strengthened.

Finding

An effective system of internal control should include an adequate separation of duties. As reported in the prior year's audit report, cash collection and disbursement functions are not adequately separated for effective internal control. The Circuit Clerk receipts collections, makes deposits, calculates the monthly settlements, posts the cash journal, reconciles the bank statements and disburses all funds. Failure to have an adequate separation of duties could result in the loss of public funds.

ATTALA COUNTY

Schedule of Findings and Responses For the Year Ended September 30, 2010

Recommendation

The Circuit Clerk should implement a system for review of the accounting records by another person.

Circuit Clerk's Response

The Circuit Clerk only writes receipts when it is necessary. If possible, all receipts are written by the deputy clerks. One of the deputy clerks prepares the bank deposit slips and makes the deposits. One of the deputy clerks receipts and disburses all garnishment funds.

Significant Deficiency

- 10-3. Settlements in Circuit Clerk's office should be made monthly.

Finding

An effective system of internal control over the accounting of revenues should include timely settlements of collections to the proper party. As reported in the prior year audit report, the Circuit Clerk did not make timely settlements to the Chancery Clerk for several months during the audited fiscal year.

Recommendation

The Circuit Clerk should make monthly settlements of all collections.

Circuit Clerk's Response

We will try to make monthly settlement to the county for all collections.

Justice Court Clerk.

Significant Deficiency

- 10-4. Separation of duties in Justice Court Clerk's office should be strengthened.

Finding

An effective system of internal control should include the separation of duties over the accounting for the collection, recording and disbursement of cash. As reported in the prior year audit report, the Justice Court Clerk receipts funds, prepares and makes deposits, reconciles the bank statements, calculates the monthly settlements and writes and signs all checks. Failure to have an adequate separation of duties could result in the loss or misappropriation of public funds.

Recommendation

The Justice Court Clerk should adequately separate the duties within the office.

Justice Court Clerk's Response

I will only receipt funds if I am the only one in the office. A deputy clerk will double check the reconciliation of the bank statement and sign off on it. Both deputy clerks do assist in preparing and making deposits. Other plans to adequately separate duties will be done to provide a better effective system.